

Qwest PowerPoint Presentation

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Chief Executive Officer
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11/15/99

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The Qwest Vision

- To build shareholder value by becoming the market leader for broadband Internet communications and applications services while leveraging the dominant global IP network platform



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- Internet and E-Commerce enabling technologies
- Broadband service revenues replace narrowband revenues
- Open architecture / operating platforms
- Global scale and scope necessary for low cost, competitive positioning
- Value added services key to customer control
- Speed to market increasingly important
- Intellectual capital increasingly valued resource



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Global

Global

Local

Customer

**IP Based
Value-Added
Services**

- E-commerce
- Web Hosting
- ASP
- Internet Connectivity
- CyberCenters(sm)
- Mass Storage
- Feature Rich
Communication Services

**Broadband
Backbone**

- High Speed
- High Capacity
- IP Centric
- Advanced Technology
- Most Reliable
- Broad Coverage

**Broadband
Access**

- Direct Fiber
- DSL
- Fixed BB Wireless
- Mobile BB Wireless
- IP Centric



12 Month Strategic Priorities

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Extend dominant broadband Internet platform and corresponding services

- Add to strategic partnerships and alliances
- Accelerate CyberCenter buildout

• Accelerate local broadband connectivity efforts

• Global Expansion

- Establish KPNQwest as a European leader
- Finalize approach in Pacific Rim

• Expand gross margins, reduce SG&A and grow share across all market segments

• Complete US WEST merger ASAP



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What's the Strategy for Market Leadership?

- \$120B Hosting / E-Commerce Market by 2003

– Including \$21B ASP market

1999

KPMG

Oracle-integrated solutions

Seibel Systems - CRM

SAP America - ERP

HP - servers, hosting, storage

Microsoft - hosting, VPN's

1998

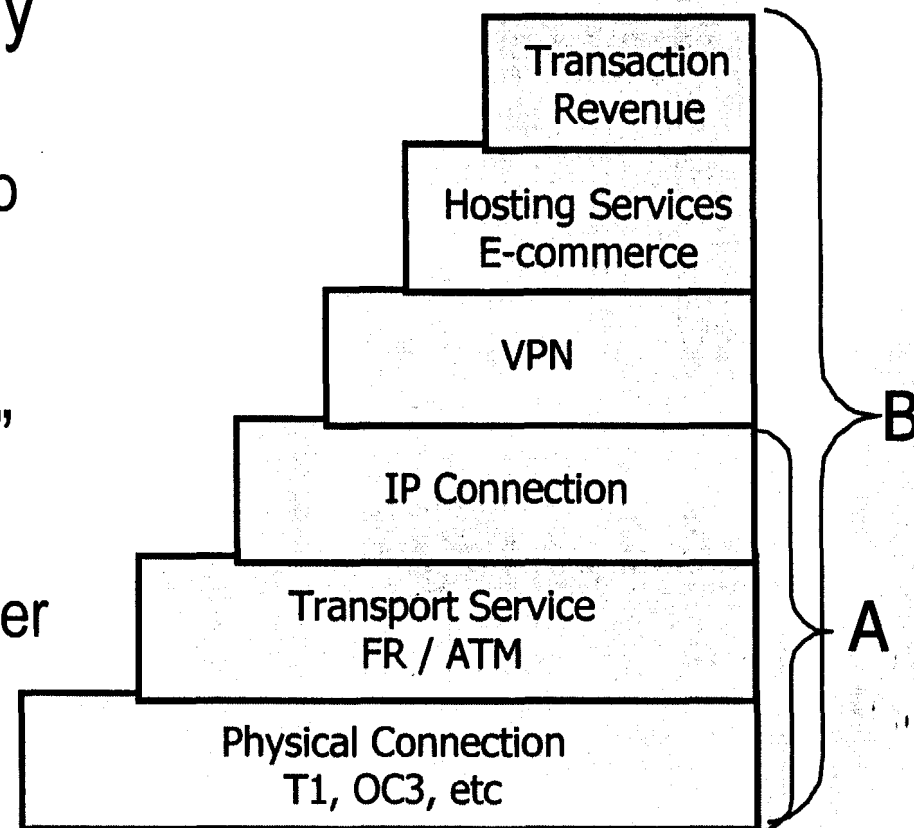


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Qwest's "All-in" Increases Customer Revenue and Contribution

Intrinsic value of Qwest strategy

- Full service provider
 - Higher customer retention due to tight product integration
- Financial value of customer "B" versus customer "A"
 - 75% higher revenue per customer
 - 100% increase in contribution per customer



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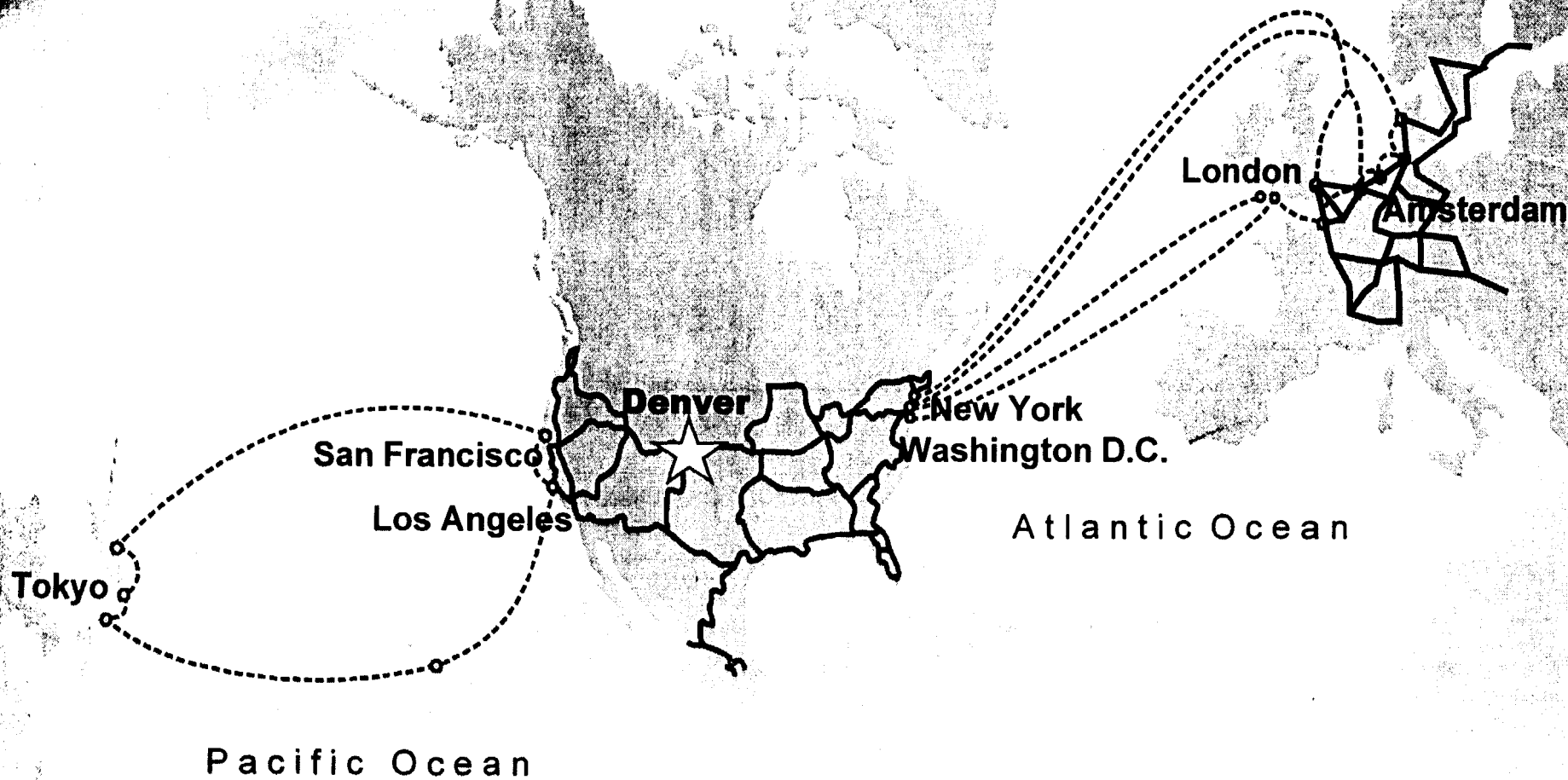
QWEST U.S. Backbone Network





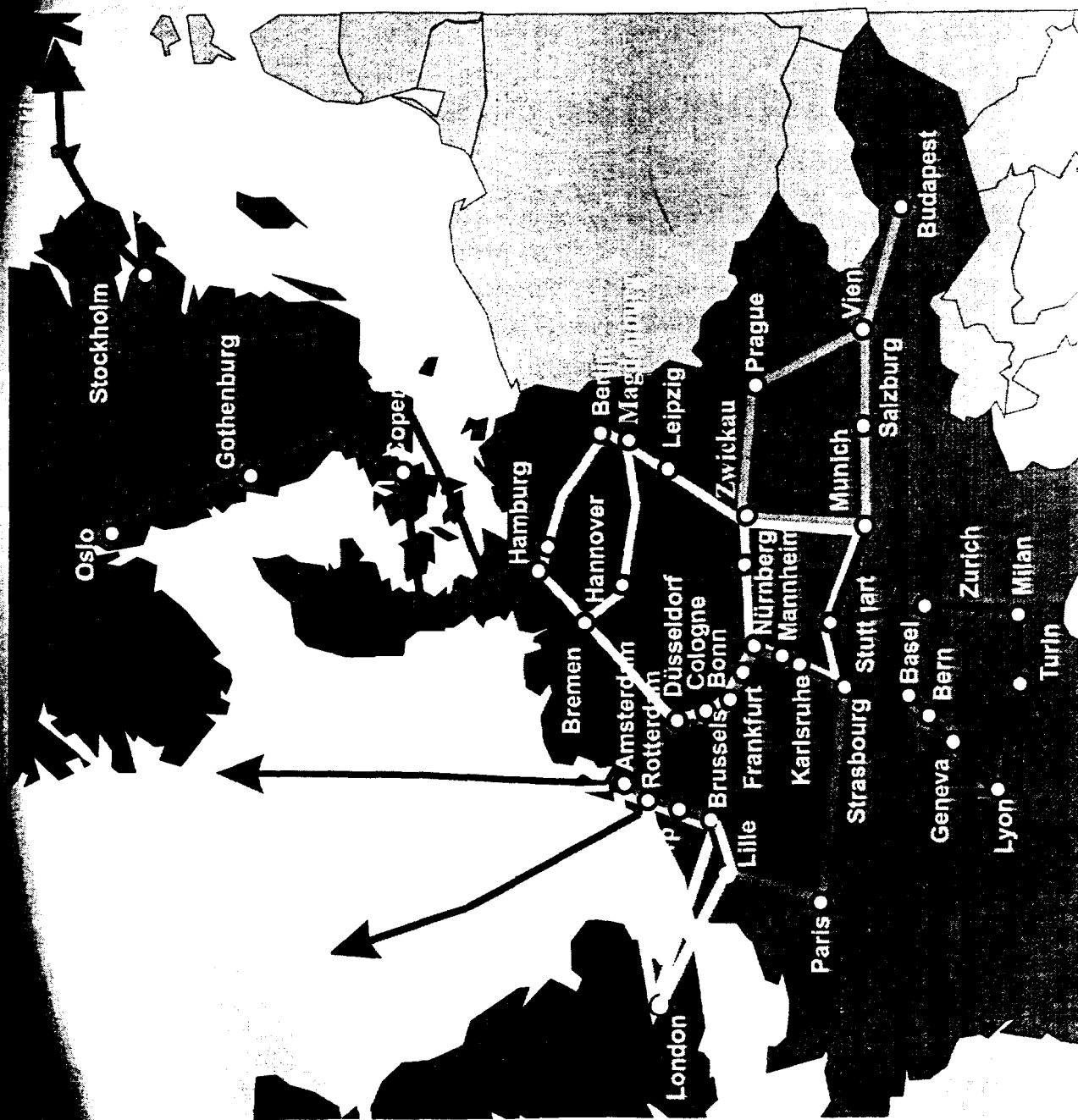
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3 Million Fiber Miles Worldwide



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Local Broadband Community
Expansion to 25 Markets

Accelerating implementation of QwestLink

- Developing CLEC and DLEC businesses
- **Plan to be in 25 markets by Y/E 2001**
 - Targeting 7 cities by Y/E 2000 with first service 1Q00
- **CLEC accelerated by swap/joint build approach**
 - Work underway in four cities (DC, Houston, LA, Sacramento)
- **DLEC blend of Qwest facilities, US West systems and resources, and strategic alliances (DSL & fixed wireless)**
- **Offer integrated suite of broadband services and applications with end-to-end connectivity**



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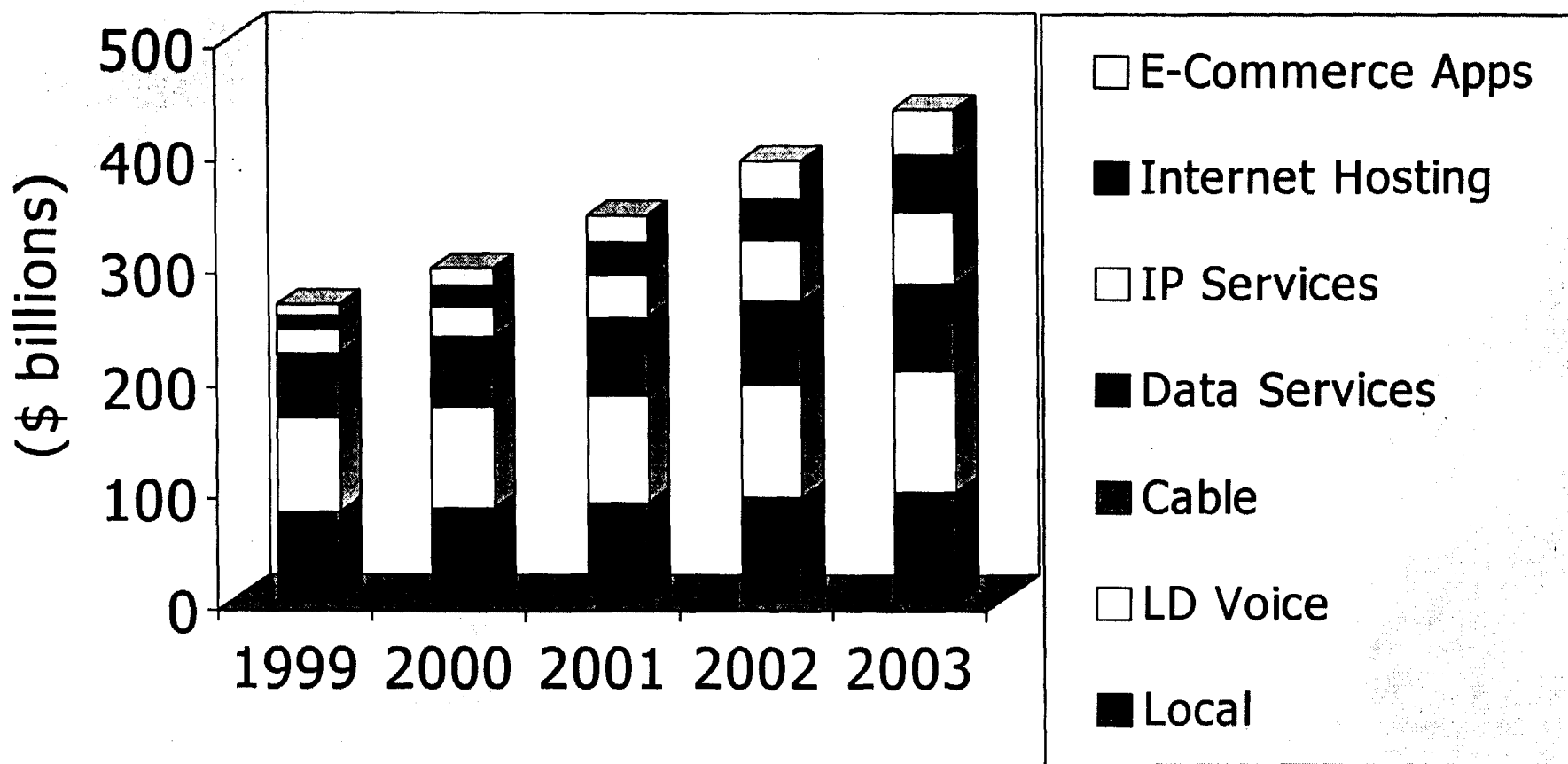
Nationwide Local Broadband Community Capabilities





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Market Opportunity Forecasts
\$450B in 2003



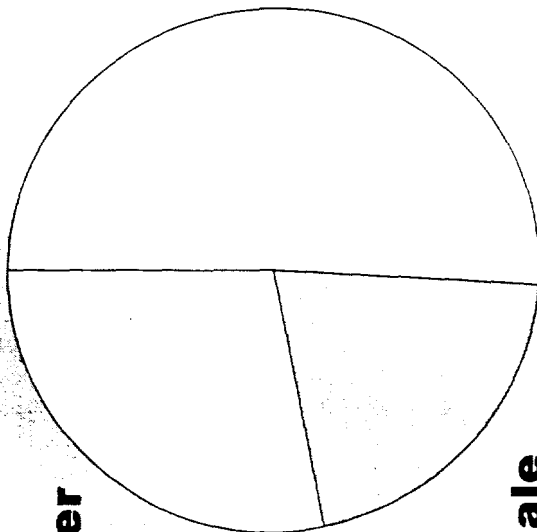
Sources: Forrester Research, Yankee Group



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1998 Revenue Mix

Consumer

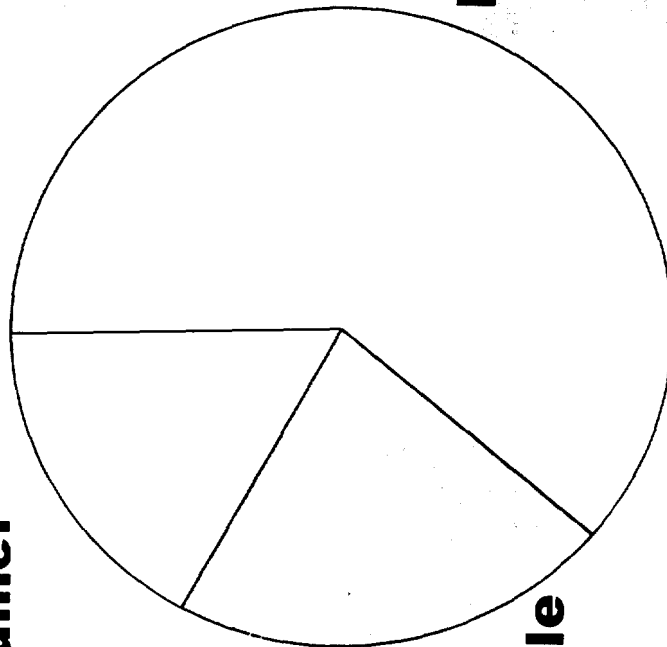


Business

Wholesale

2001E Revenue Mix

Consumer



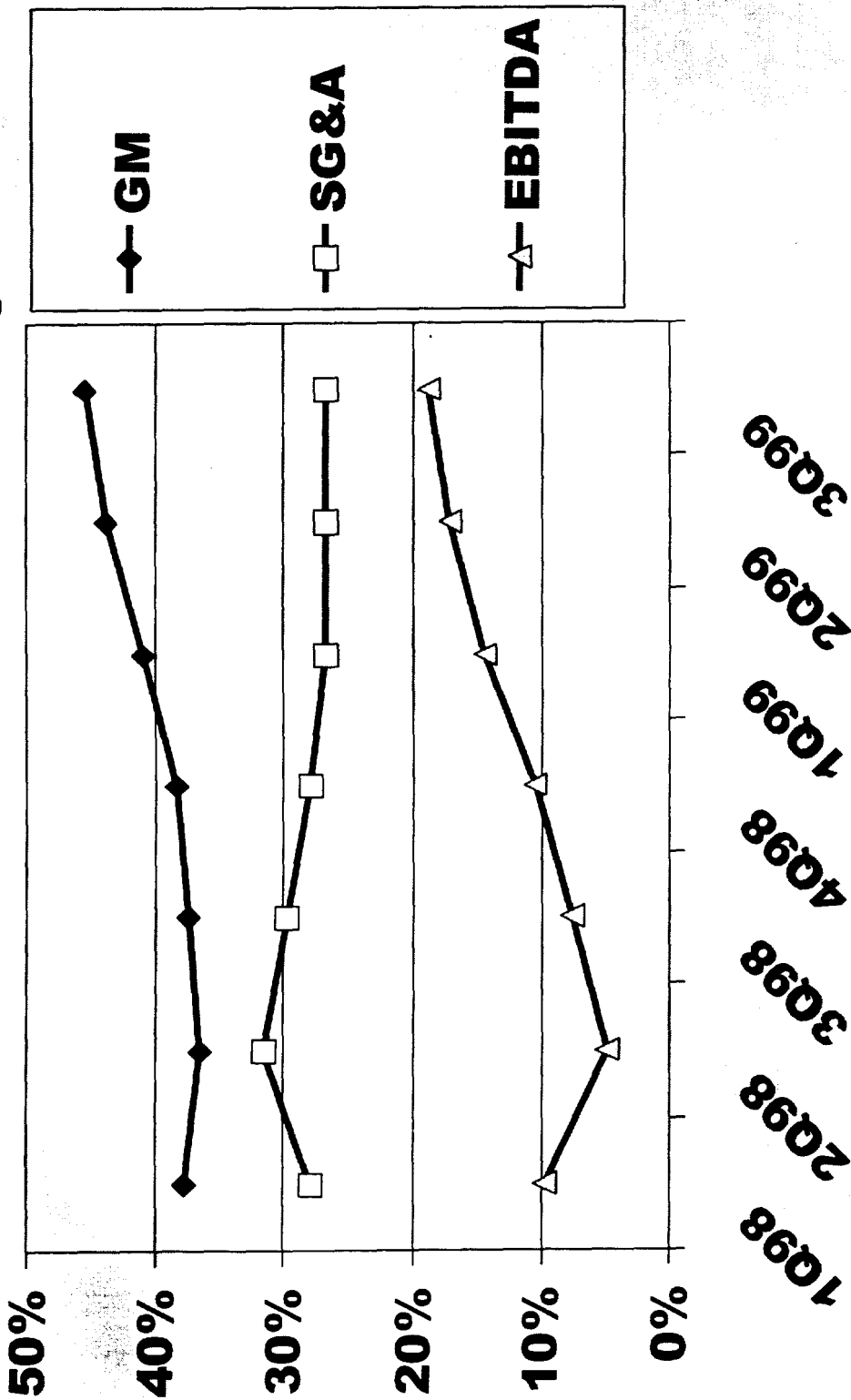
Business

Wholesale

ride the right **Q**

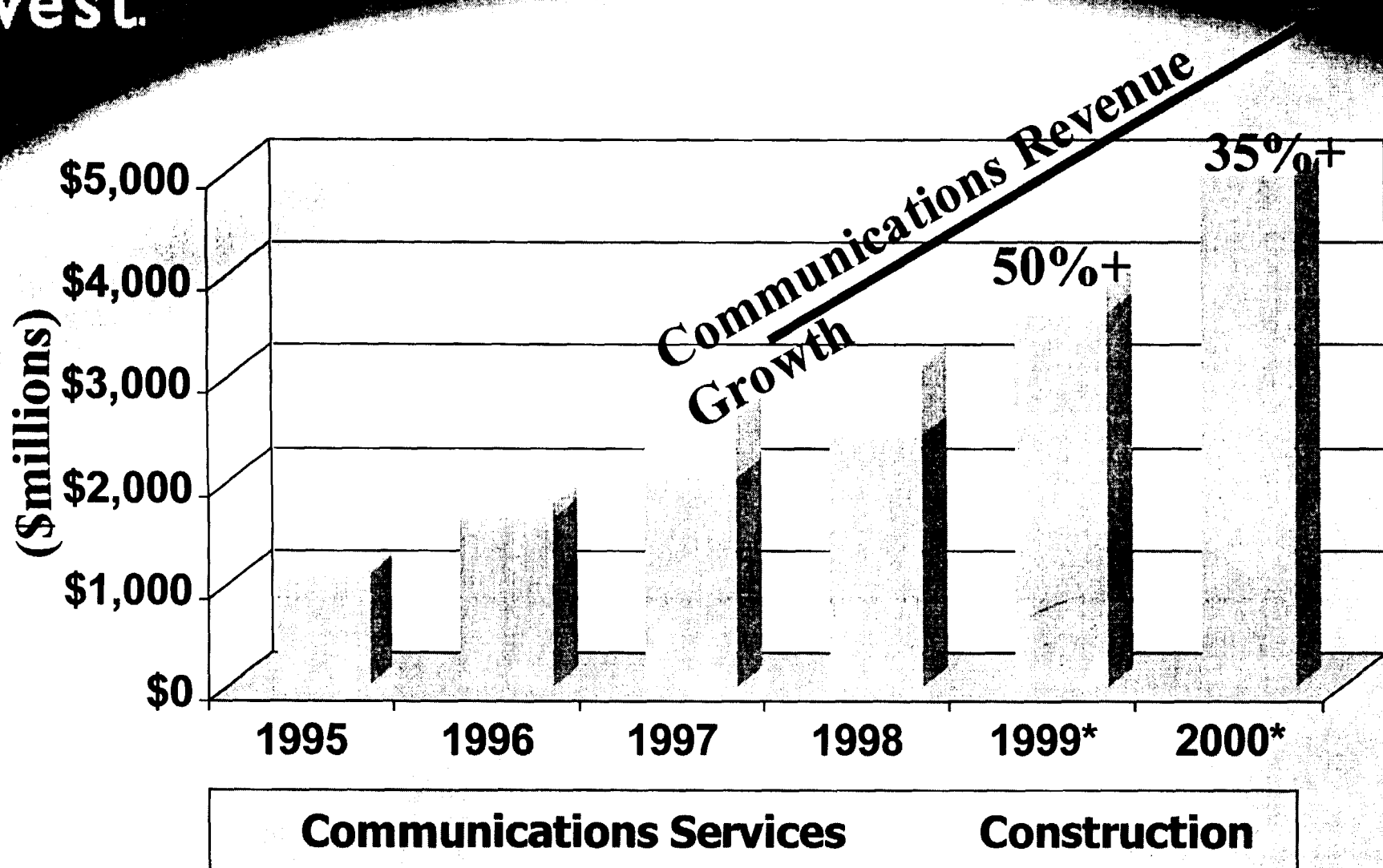
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Pro Forma Communications Services Margins





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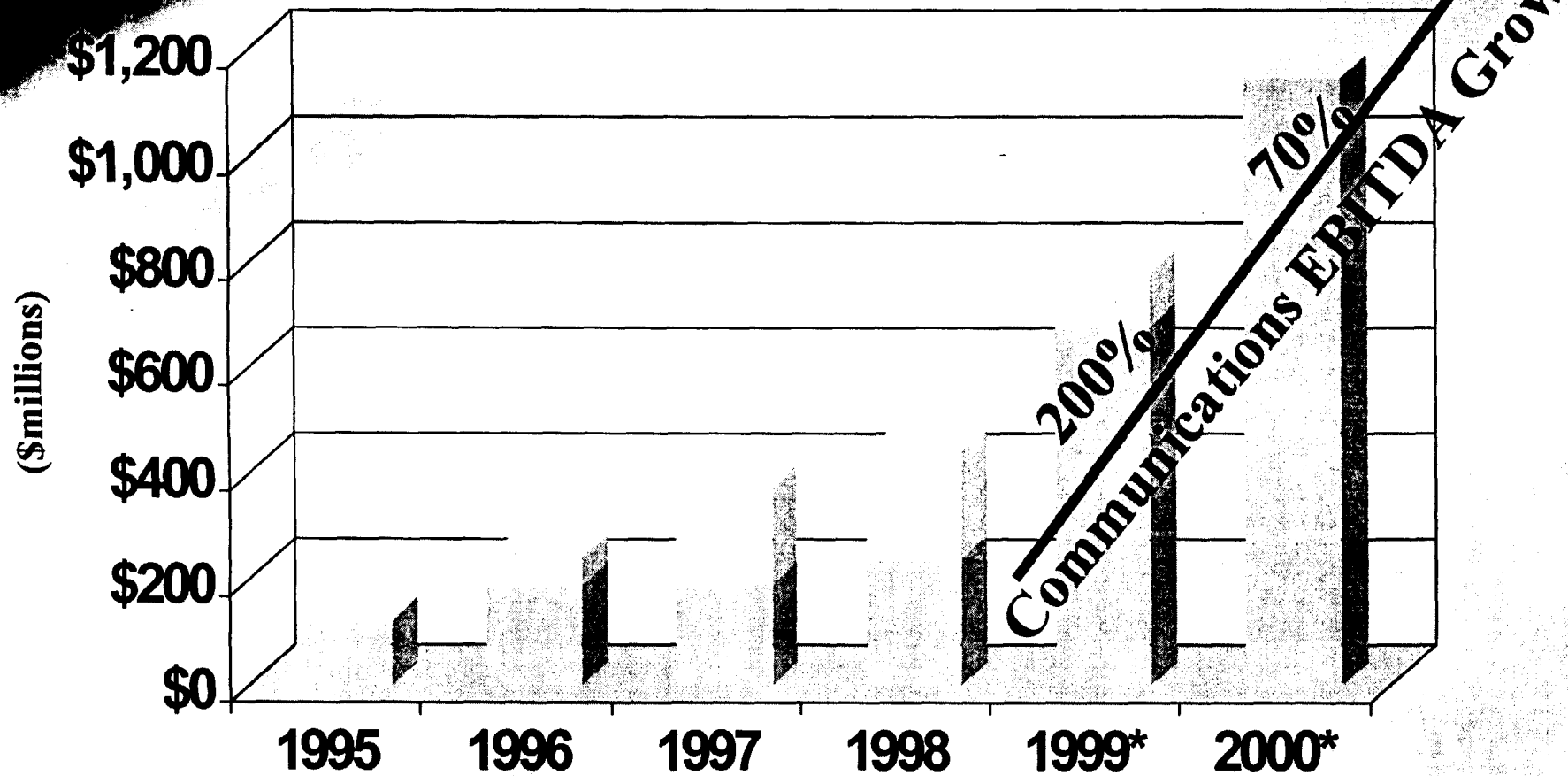


*Consensus Estimates



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Powerful EBITDA Growth



Communications Services

Construction

Excludes Growth Share Charges

*Consensus Estimates



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- **August 12 - DOJ**
 - cleared
- **August 13 - SEC**
 - cleared
- **August 19 filings**
 - FCC
 - Colorado
 - Minnesota
 - Montana
 - Wyoming
 - Utah
- **September 1 filings**
 - Arizona
 - Washington
- **Mid-September filings**
 - Iowa
 - New Mexico
 - Final proxy filed
- **November 2**
 - Shareholder approvals
- **1Q '00**
 - FCC approval "Fast Track"
- **1Q & 2Q '00**
 - State Approvals
- **Close Mid-Year**



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Creation of
Frontier Telecom Company

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Combined

Revenue (1999E)

\$3.6B

\$13.2B

\$16.8B

EBITDA (1999E)

\$0.75B

\$5.8B

\$6.6B

Customers

4M

25M

29M

Employees

9,000

55,000

64,000

Access Lines

na

17M

17M

Fiber Miles

1.3M

1.7M

3.0M

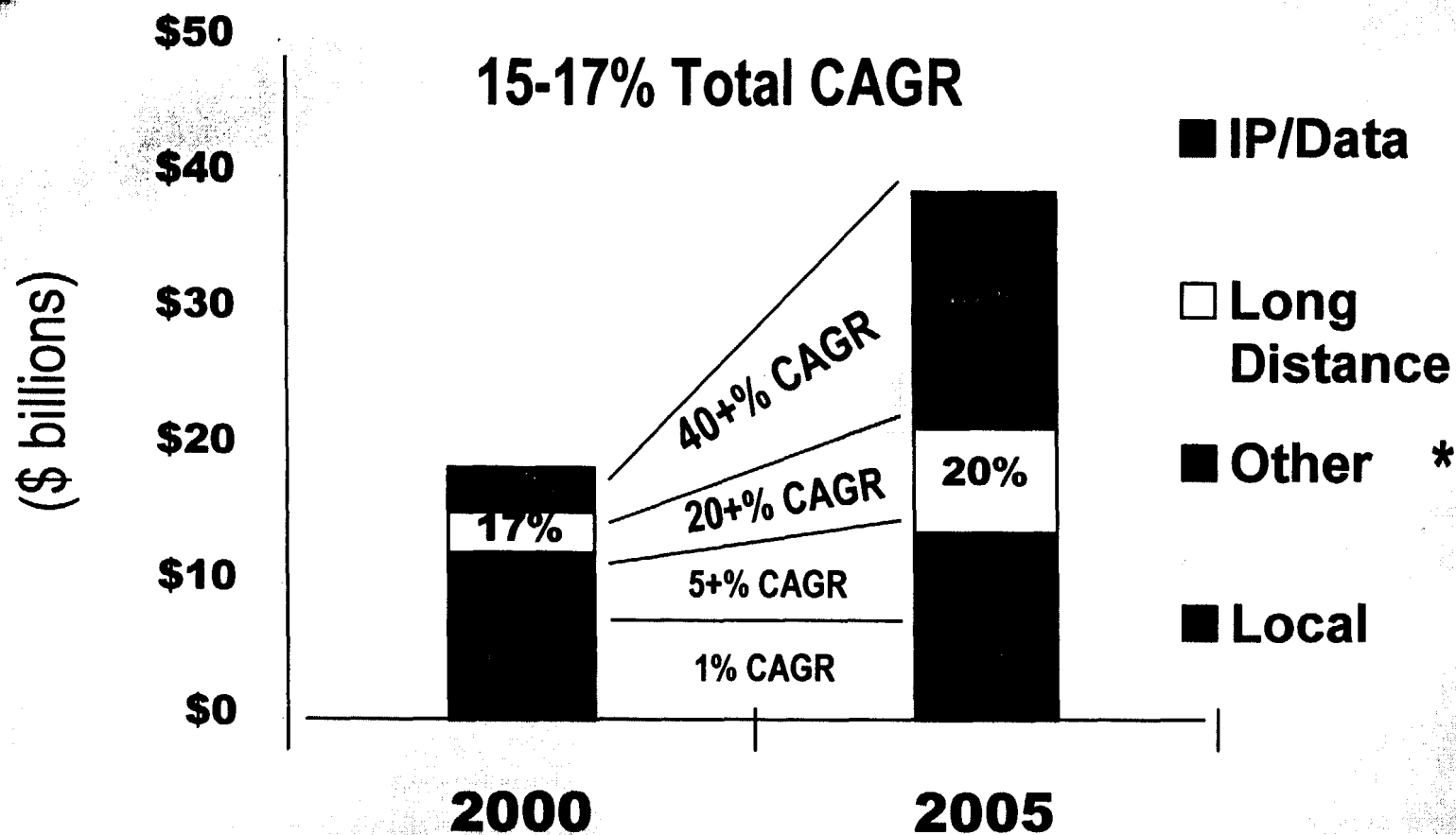
Equity Value
(8/17/99)

\$25B

\$35B

\$60B

(deal price)



* Directory, wireless, access, wholesale and construction.



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- **Extend dominant broadband Internet platform and corresponding services**
 - Add to strategic partnerships and alliances
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- **Global Expansion**
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- **Complete US WEST merger ASAP**



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CERTIFICATE OF SERVICE

I, Barbara E. Clocker, hereby certify that on this 24th day of November, 1999, copies of the foregoing "Response to Staff Request for Information and Documents" of Qwest Communications International Inc. were served by hand delivery or by first class mail (where indicated) to the following. Only Commission staff will be served with the confidential version.

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